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BEFO... ...ON COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF TRI-M COMMUNICATIONS, INC. *DBA* TMC COMMUNICATIONS FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE FACILITIES-BASED AND RESOLD LOCAL EXCHANGE AND EXCHANGE ACCESS TELECOMMUNICATIONS SERVICE IN ARIZONA	Docket No. T-03714A-01-0805 **NOTICE OF FILING**

Please take notice that Tri-M Communications, Inc. *dba* TMC Communications hereby files the attached updated financial information.

RESPECTFULLY SUBMITTED June 25, 2002.

TRI-M COMMUNICATIONS, INC.
***DBA* TMC COMMUNICATIONS**

By ______________________________
Michael W. Patten
ROSHKA HEYMAN & DEWULF, P.L.C.
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

Arizona Corporation Commission
DOCKETED
JUN 25 2002
DOCKETED BY CMR

ROSHKA HEYMAN & DEWULF, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
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ORIGINAL + TEN (10) COPIES of the foregoing filed June 25, 2002, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

COPIES of the foregoing hand-delivered June 25, 2002, to:

Teena I. Wolfe, Esq.
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COPY of the foregoing mailed June 25, 2002, to:

John L. Clark, Esq.
GOODWIN MACBRIDE SQUERI RITCHIE & DAY, LLP
5050 Sansome Street, Suite 900
San Francsico, California 94111

SRG SOLOMON · ROSS · GREY & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
TRI-M Communications, Inc.,
dba TMC Communications
Santa Barbara, California

We have audited the accompanying balance sheets of TRI-M Communications, Inc., dba TMC Communications as of December 31, 2001 and 2000, and the related statements of income, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of TRI-M Communications, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRI-M Communications, Inc., dba TMC Communications at December 31, 2001 and 2000 and the results of their operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Solomon Ross Grey & Company

SOLOMON · ROSS · GREY & COMPANY, LLP

Encino, California
April 1, 2002

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

ASSETS	2001	2000
CURRENT ASSETS		
Cash	$ 168,198	$ 852,544
Accounts receivable, net of allowance for doubtful accounts of $140,000 and $100,000, respectively	3,578,460	2,290,345
Related party advances	78,930	22,645
Prepaid expenses and other	69,564	2,086
Prepaid commissions	170,326	158,017
Current portion of note receivable	4,900	18,000
Total Current Assets	4,070,378	3,343,637
PROPERTY AND EQUIPMENT, net of accumulated depreciation	825,447	115,567
OTHER ASSETS		
Note receivable, net of current portion	0	4,900
Deferred income taxes	10,715	22,000
Deposits and other	19,949	6,000
Total Other Assets	30,664	32,900
TOTAL ASSETS	$ 4,926,489	$ 3,492,104
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 3,504,953	$ 2,995,697
Customer deposits	25,888	19,700
Income taxes payable	4,976	4,316
Deferred bonus	27,175	29,500
Lines of credit	550,625	0
Loans payable, equipment	500,000	0
Total Current Liabilities	4,613,617	3,049,213
LONG-TERM LIABILITIES		
Subordinated note payable to stockholder	1,520,072	1,520,072
Deferred bonus	0	29,500
Total Long-term Liabilities	1,520,072	1,549,572
Total Liabilities	6,133,689	4,598,785
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock, no par value: 10,000,000 shares authorized, 1,085,286 and 1,080,000 issued and outstanding, respectively	507,854	505,211
Additional paid-in capital	600,000	0
Accumulated deficit	(2,315,054)	(1,611,892)
Total Stockholders' Deficit	(1,207,200)	(1,106,681)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 4,926,489	$ 3,492,104

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001		2000	
REVENUES, NET	$ 19,750,060	100.00 %	$ 14,215,522	100.00 %
COST OF REVENUES	12,506,272	63.32	8,699,690	61.20
Gross Profit	7,243,788	36.68	5,515,832	38.80
OPERATING EXPENSES	6,594,011	33.39	4,479,072	31.51
INCOME FROM OPERATIONS	649,777	3.29	1,036,760	7.29
OTHER INCOME (EXPENSE)				
Interest, net	(162,494)	(0.82)	(182,630)	(1.28)
Gain on sale of auto	34,349	0.17	0	0.00
Repurchase of stock options	0	0.00	(180,428)	(1.27)
Total Other Expense	(128,145)	(0.65)	(363,058)	(2.55)
INCOME BEFORE INCOME TAXES	521,632	2.64	673,702	4.74
INCOME TAXES	17,948	0.09	11,048	0.08
NET INCOME	$ 503,684	2.55 %	$ 662,654	4.66 %

See Accompanying Notes and Accountants' Report

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
STATEMENTS OF STOCKHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2001 AND 2000

	Common Stock				
	Shares Issued (Redeemed)	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Stockholders' deficit, December 31, 1999	1,083,333	$ 506,877	$	$ (1,977,322)	$ (1,470,445)
Net income - 2000				662,654	662,654
Distributions to stockholders				(293,391)	(293,391)
Redemptions of stock	(3,333)	(1,666)		(3,833)	(5,499)
Stockholders' deficit, December 31, 2000	1,080,000	505,211	0	(1,611,892)	(1,106,681)
Net income - 2001				503,684	503,684
Capital contributions by stockholders			600,000		600,000
Distributions to stockholders				(1,184,346)	(1,184,346)
Issuance of stock	14,286	7,143			7,143
Redemptions of stock	(9,000)	(4,500)		(22,500)	(27,000)
Stockholders' deficit, December 31, 2001	1,085,286	$ 507,854	$ 600,000	$ (2,315,054)	$ (1,207,200)

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 503,684	$ 662,654
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	98,041	106,370
Bad debts	62,728	102,363
Gain on sale of equipment	(34,349)	0
(Increase) decrease in:		
Accounts receivable	(1,350,843)	(481,800)
Related party advances	(56,285)	0
Prepaid expenses and other	(67,478)	(7,452)
Prepaid commissions	(12,309)	(28,998)
Principal payments from note receivable	18,000	18,000
Deferred income tax	11,285	6,100
Deposits and other	(13,949)	0
Increase (decrease) in:		
Accounts payable and accrued expenses	479,756	1,105,392
Customer deposits	6,188	(6,935)
Income taxes payable	660	1,566
Deferred bonus	(2,325)	0
Total Adjustments	(860,880)	814,606
Net Cash (Used in) Provided by Operating Activities	(357,196)	1,477,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(339,613)	(13,648)
Proceeds from sale of auto	66,041	0
Net Cash Used in Investing Activities	(273,572)	(13,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments) on lines of credit	550,625	(300,000)
Principal payments on note payable	0	(231,875)
Issuance of stock	7,143	0
Redemption of stock	(27,000)	(5,499)
Capital contributions by stockholders	600,000	0
Distributions to stockholders	(1,184,346)	(293,391)
Net Cash Used in Financing Activities	(53,578)	(830,765)
NET INCREASE (DECREASE) IN CASH	(684,346)	632,847
CASH BEGINNING OF YEAR	852,544	219,697
CASH END OF YEAR	$ 168,198	$ 852,544

TRI-M COMMUNICATIONS, INC. dba
TMC COMMUNICATIONS
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 164,764	$ 211,685
Income tax	$ 6,002	$ 3,382
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Property and equipment acquired under loans payable	$ 500,000	$ 0

TRI-M COMMUNICATIONS, INC., dba TMC COMMUNICATIONS NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BUSINESS ACTIVITY

Business Activity

TRI-M Communications, Inc., dba TMC Communications (hereinafter referred to as the "Company") is a provider of long distance telephone services through the use of independent agents throughout the United States. The Company was incorporated in June, 1997. The Company maintains offices in Santa Barbara, California and Folsom, California and provides telephone services for both wholesale and retail commercial and residential customers.

Accounts Receivable and Allowance For Doubtful Accounts

The Company extends credit to its customers in the normal course of business and performs on-going credit evaluations of its customers and provides allowances for potential credit losses. It is the Company's policy to make their agents responsible for collections on their accounts. Due to this policy, the Company shares the bad debt expense with their agents through withholding of agent commissions and charges to those accounts when amounts become uncollectible.

Property, Equipment and Depreciation

The Company values its property and equipment at cost. Property and equipment are being depreciated using the straight-line and accelerated methods over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Income Taxes

The corporation, with the consent of its stockholders, elected, under the Internal Revenue Service and the laws of the State of California, to become a S corporation. Since the stockholder's of a S corporation are taxed on their proportionate share of the corporation's taxable income, a S corporation is generally not subject to federal income taxes at the corporate level. However, the Company does business nationwide and the various states impose tax on S corporations. Therefore, the only provision for income taxes is for state income taxes.

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BUSINESS ACTIVITY - CONTINUED

Stock Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of employee stock options is greater than or equal to the market price of the underlying stock on the date of the grant, no compensation expense is recorded. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 Accounting for Stock-Based compensation (Statement 123).

Advertising Costs

The Company conducts nondirect response advertising. Accordingly, these costs are expensed as incurred. Advertising costs for the years ended December 31, 2001 and 2000 were $68,676 and $44,748, respectively.

Reclassifications

Certain reclassifications of 2000 amounts have been made to conform with the 2001 presentation. Such reclassifications had no effect on previously reported net income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 RELATED PARTY ADVANCES

The Company has borrowed monies from its principal stockholder in order to support its operations. The note calls for quarterly interest payments at 10%. The balance of the note at December 31, 2001 and 2000 was $1,520,072, respectively. Interest expense for the years ended December 31, 2001 and 2000 was $152,007 and $152,424, respectively. The loan is due on demand but it is subordinated to the line of credit (see Note 6). Accordingly, the balance has been classified as a long-term liability. During 2000, the note was amended in order to increase the maximum loan amount to $2,000,000.

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 3 PROPERTY AND EQUIPMENT

At December 31, 2001 and 2000, property and equipment consists of the following:

	2001	2000
Equipment	$ 372,160	$ 309,794
Furniture	156,359	85,299
Software	44,825	50,071
Aircraft	475,625	0
	1,048,969	445,164
Accumulated depreciation	(223,522)	(329,597)
Total Property and Equipment, net	$ 825,447	$ 115,567

NOTE 4 NOTE RECEIVABLE

The Company has a note receivable from one of their agents for advances made during the year. The agent is making principal payments of $1,500 per month on the note, which is non-interest bearing. The note is personally guaranteed by the president of the agent's company. At December 31, 2001 and 2000 the balance of the note is $4,900 and $22,900, respectively.

The following is a schedule by years of future payments to be received:

Year ending December 31,	
2002	$ 4,900
Less current portion	(4,900)
	$ 0

NOTE 5 INCOME TAXES

The provision for income taxes consists of the following:

	2001	2000
Current	$ 6,663	$ 4,948
Deferred	11,285	6,100
	$ 17,948	$ 11,048

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 5 INCOME TAXES - CONTINUED

At December 31, 2001 and 2000, the Company has $705,000 and $1,245,000 in state operating loss carryforwards, expiring through 2004, respectively. At December 31, 2001 and 2000, the Company has a deferred tax asset of $10,715 and $22,000, respectively, for the tax effects of temporary differences in the reporting of income for financial statement and income tax reporting purposes, and arise principally from net operating loss carryovers, allowances for uncollectible accounts and depreciation. The tax asset has been classified as long-term as the benefits primarily will be realized in future years. At December 31, 2001 and 2000 no valuation allowance was deemed necessary.

NOTE 6 LINES OF CREDIT

The Company has a revolving line of credit with a bank as of December 31, 2001. The bank will make advances to the Company up to $1,000,000. The line of credit is secured by the Company's assets. Interest is payable monthly and calculated at prime or Libor plus 2.5%. The interest rate at December 31, 2001 was 4.75%. The line of credit can be terminated by a 30 day notice at any time by either party. At December 31, 2001, the Company has borrowings of $550,625 outstanding on the line of credit and had availability under the line of $449,375. The line of credit is guaranteed by the stockholders of the Company and the note payable to the principal stockholder is subordinated to the line of credit (see Note 2).

The line of credit agreement contains covenants regarding certain financial statement amounts, ratios and activities of the Company. At December 31, 2001, the Company was in compliance with all such covenants.

At December 31, 2000, the Company had a revolving line of credit with a bank. The bank makes advances to the Company up to $500,000 (reduced by any outstanding letters of credit). The line of credit is secured by the Company's assets. Interest is payable monthly and calculated at prime. The interest rate at December 31, 2000 was 9.5%. The line of credit expired May, 2001. There were no borrowings outstanding at December 31, 2000. In addition, as part of the Company's contract with its supplier of long distance telephone service, the Company maintained a $500,000 irrevocable standby letter of credit.

The line of credit agreement contained covenants regarding certain financial statement amounts, ratios and activities of the Company. At December 31, 2000, the Company was in compliance with, or obtained waivers for, all such covenants.

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 6 LINES OF CREDIT - CONTINUED

As of February 2000, the Company had a revolving line of credit with another bank up to $200,000. The line was secured by all Company assets. The line was guaranteed by the principal stockholder and $200,000 of the stockholder note payable is subordinated to the line of credit (see Note 2). Interest is payable monthly and is calculated based on an independent index which is the prime rate as published in the Wall Street Journal. The line of credit matured February 2001 and was not renewed at the Company's option. There were no borrowings outstanding at December 31, 2000.

NOTE 7 LOANS PAYABLE, EQUIPMENT

As of December 31, 2001, the Company maintains equipment loans with a bank in the amount of $500,000. The loans have been used exclusively for financing office furniture and purchase of an aircraft. The equipment loans are secured by the Company's assets. Interest is payable monthly and calculated at prime. The interest rate at December 31, 2001 was 4.75%. The equipment loans can be terminated by a 30 day notice at any time by either party and have been classified accordingly as a current liability in full. The stockholders of the Company have guaranteed the equipment loans and the note payable, stockholder, in the amount of $1,520,072 has been subordinated to this note (see Notes 6 and 2).

NOTE 8 COMMITMENTS

At December 31, 2001, the Company leases administrative and sales offices in Santa Barbara and Folsom, California under non-cancelable operating leases expiring through June 2006. Total rental expense under the leases for the year ended December 31, 2001 is $233,908. The leases provide for options to extend through June 2011. The following is a schedule by years of future minimum rental payments required under the operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2001:

Years ending December 31,		
2002	$	289,581
2003		314,337
2004		252,621
2005		190,905
2006		86,944
Thereafter		0
	$	1,134,388

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 8 COMMITMENTS - CONTINUED

At December 31, 2000, the Company leased its facility under a triple net, non-cancelable operating lease expiring June 30, 2001. The lease agreement called for a monthly base rent of $9,658 and additional common area charges associated with the cost of the office space. Total rental expense under the lease for the years ended December 2000 is $154,433.

NOTE 9 INCENTIVE STOCK OPTION PLAN

The 1997 Tandem Stock Option Plan (the Plan) provides for the granting of either incentive stock options or nonqualified stock options to purchase shares of the Company's stock to officers, directors and key employees responsible for the direction and management of the Company and to non-employee consultants and independent contractors. At December 31, 2001, options for shares are available for future awards under the plan. No options were granted during 2001.

Information related to stock options during 2001 and 2000 is as follows:

	Number of Shares	Option Price Per Share Average	Total
Shares under option at December 31, 2001	245,274	$ 0.51	$ 125,137
Shares exercisable at December 31, 2001	245,274	$ 0.51	$ 125,137
Shares under option at December 31, 2000	245,274	$ 0.51	$ 125,137
Shares exercisable at December 31, 2000	207,795	$ 0.50	$ 103,898

The options generally become exercisable in one-third increments at the end of twelve, twenty-four and thirty-six months of consecutive employment with the Company, respectively.

TRI-M COMMUNICATIONS, INC., dba
TMC COMMUNICATIONS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 10 BUSINESS AND CREDIT CONCENTRATIONS

At December 31, 2001 and 2000, before adjustments for outstanding checks and deposits in transit, the Company has approximately $155,000 and $800,000, respectively, on deposit with a bank. At December 31, 2001 and 2000, the Company had balances in excess of the $100,000 insurance coverage provided by the Federal Depository Insurance Corporation ("FDIC") in the amount of approximately $55,000 and $700,000, respectively.

The Company currently buys all of its long distance service from two suppliers. Although there are a limited number of providers for these services, management believes that other suppliers could provide similar services on comparable terms. A change in suppliers, however, could cause a delay in service and a possible loss of sales, which would affect operating results adversely.